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COFFEE
FCOF 4-68
October 1968

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WORLD COFFEE CROP

VIRTUALLY UNCHANGED

CURRENT SERIAL RECORDS

Summary

Despite a number of individual country changes, the Foreign Agricultural Service's second estimate (September) of the world coffee crop for the marketing year 1968-69 remains at approximately the same level as the first estimate (June). Significant increases for some countries were balanced off by decreases for others. The outlook now is for total harvested production of 62.7 million bags,^{1/} which would provide exportable production^{2/} of about 45.7 million bags.

Estimated exportable production, therefore, remains substantially under anticipated world import needs, thus allowing further drawdown during the coming year of the abundant stocks held in certain producing countries.

Among the series of production changes, up or down, in a number of countries, the most significant were a decrease of 1 million bags in the 1968-69 forecast for Brazil and an increase of about 15 percent for the Ivory Coast.

There have also been some minor changes in the figures for 1967-68, although the overall total remains at 68.1 million bags, with exportable production at 51.6 million.

^{1/} All bags in text and tables are of 60 kilograms (132.276 lb.).

^{2/} Exportable production: Total production less estimated domestic consumption.

GREEN COFFEE: World total harvested production for the marketing year 1968-69, with comparisons 1/

Continent and country	Average 1960/61- 1964/65	1965-66	1966-67	1967-68	2nd estimate 1968-69
	1,000 bags <u>2/</u>	1,000 bags <u>2/</u>	1,000 bags <u>2/</u>	1,000 bags <u>2/</u>	1,000 bags <u>2/</u>
North America:					
Costa Rica	1,056	1,025	1,215	1,280	1,400
Cuba	645	460	450	450	500
Dominican Republic	607	615	505	635	600
El Salvador	1,812	1,820	1,960	2,300	2,000
Guatemala	1,704	2,050	1,670	1,800	1,750
Haiti	564	575	465	500	500
Honduras	379	460	340	480	450
Mexico	2,431	3,000	2,650	2,800	2,900
Nicaragua	491	465	480	550	550
Other <u>3/</u>	505	413	433	435	442
Total North America	10,194	10,883	10,168	11,230	11,092
South America:					
Brazil	25,840	37,700	20,000	23,000	17,500
Colombia	7,760	8,200	7,600	7,900	7,700
Ecuador <u>4/</u>	696	1,035	975	1,175	950
Peru	700	885	900	860	880
Venezuela	821	800	725	700	750
Other <u>5/</u>	114	181	121	136	172
Total South America	35,931	48,801	30,321	33,771	27,952
Africa:					
Angola	2,910	2,800	3,300	3,400	3,300
Burundi	180	200	240	315	275
Cameroon	801	1,200	1,000	1,100	1,100
Central African Republic	147	190	140	175	175
Congo (Kinshasa)	990	975	900	1,000	1,000
Ethiopia	1,490	1,525	1,750	1,750	2,045
Guinea	195	160	120	170	180
Ivory Coast	3,185	4,550	2,200	4,500	4,000
Kenya	624	875	935	650	935
Malagasy Republic	923	825	900	1,000	925
Rwanda	115	175	155	190	225
Sierra Leone	79	120	65	80	100
Tanzania	497	660	990	740	900
Togo	186	225	95	230	200
Uganda	2,429	2,600	2,450	2,475	3,000
Other <u>6/</u>	326	343	369	374	377
Total Africa	15,077	17,423	15,609	18,149	18,737
Asia and Oceania:					
India	1,045	1,150	1,395	1,100	1,435
Indonesia	2,016	2,200	1,850	2,500	2,150
Philippines	631	715	740	725	735
Other <u>7/</u>	390	432	559	627	614
Total Asia and Oceania	4,082	4,497	4,544	4,952	4,934
World total production	65,284	81,604	60,642	68,102	62,715

1/ Coffee marketing year begins about July in some countries and in others about October. Exportable production represents total harvested production minus estimated domestic consumption. 2/ Of 60 kilograms each.

3/ Includes Guadeloupe, Hawaii (USA), Jamaica, Martinique, Panama, Puerto Rico, and Trinidad and Tobago.

4/ As indicated in footnote 1, the coffee marketing year begins in some countries as early as July. Ecuador is one of these countries. Hence, the crop harvested principally during June-October 1967 in that country is shown as production for the 1967-68 marketing year. In Ecuador, however, this is referred to as the 1966-67 crop. 5/ Includes Bolivia, Guyana, Paraguay, and Surinam. 6/ Includes Cape Verde, Comoro Islands, Congo (Brazzaville), Dahomey, Gabon, Ghana, Liberia, Nigeria, Sao Tome and Principe, and Spanish Guinea.

7/ Includes Malaysia, New Caledonia, New Hebrides, Papua and New Guinea, Portuguese Timor, South Vietnam, and Yemen.

Foreign Agricultural Service. Prepared or estimated on the basis of official statistics of foreign governments, other foreign source materials, reports of Agricultural Attaches and Foreign Service Officers, results of office research and related information.

GREEN COFFEE: World exportable production for the marketing year 1968-69, with comparisons 1/

Continent and country	Average 1960/61- 1964/65	1965-66	1966-67	1967-68	2nd estimate 1968-69
	1,000 bags 2/	1,000 bags 2/	1,000 bags 2/	1,000 bags 2/	1,000 bags 2/
North America:					
Costa Rica	937	895	1,080	1,140	1,255
Cuba	70	---	---	---	---
Dominican Republic	461	455	340	465	425
El Salvador	1,702	1,690	1,825	2,160	1,855
Guatemala	1,500	1,835	1,450	1,575	1,515
Haiti	395	405	290	320	315
Honduras	308	375	250	390	355
Mexico	1,521	1,800	1,350	1,550	1,600
Nicaragua	446	410	420	490	485
Other 3/	161	80	96	105	104
Total North America	7,501	7,945	7,101	8,195	7,909
South America:					
Brazil	18,840	30,200	12,000	14,745	9,000
Colombia	6,800	7,000	6,350	6,600	6,360
Ecuador 4/	528	845	780	975	745
Peru	540	690	700	650	665
Venezuela	355	265	175	130	160
Other 5/	62	113	53	67	103
Total South America	27,125	39,113	20,058	23,167	17,033
Africa:					
Angola	2,859	2,740	3,240	3,340	3,240
Burundi	175	195	235	310	270
Cameroon	780	1,170	970	1,070	1,070
Central African Republic	142	185	135	170	170
Congo (Kinshasa)	940	925	850	950	950
Ethiopia	1,152	1,170	1,385	1,380	1,670
Guinea	181	145	105	155	165
Ivory Coast	3,135	4,500	2,145	4,445	3,945
Kenya	605	855	915	630	915
Malagasy Republic	825	725	795	890	815
Rwanda	110	170	150	180	215
Sierra Leone	69	110	55	70	90
Tanzania	484	645	975	725	885
Togo	183	220	90	225	195
Uganda	2,416	2,585	2,435	2,460	2,985
Other 6/	301	319	345	350	353
Total Africa	14,357	16,659	14,825	17,350	17,933
Asia and Oceania:					
India	462	465	700	380	690
Indonesia	1,756	1,850	1,490	2,130	1,775
Philippines	---	---	---	---	---
Other 7/	225	212	334	402	389
Total Asia and Oceania	2,443	2,527	2,524	2,912	2,854
World exportable production	51,426	66,244	44,508	51,624	45,729

1/ Coffee marketing year begins about July in some countries and in others about October. Exportable production represents total harvested production minus estimated domestic consumption. 2/ Of 60 kilograms each.

3/ Includes Guadeloupe, Hawaii (USA), Jamaica, Martinique, Panama, Puerto Rico and Trinidad and Tobago.

4/ As indicated in footnote 1, the coffee marketing year begins in some countries as early as July. Ecuador is one of these countries. Hence, the crop harvested principally during June-October 1967 in that country is shown as production for the 1967-68 marketing year. In Ecuador, however, this is referred to as the 1966-67 crop. 5/ Includes Bolivia, Guyana, Paraguay, and Surinam. 6/ Includes Cape Verde, Comoro Islands, Congo (Brazzaville), Dahomey, Gabon, Ghana, Liberia, Nigeria, Sao Tome and Principe, and Spanish Guinea.

7/ Includes Malaysia, New Caledonia, New Hebrides, Papua and New Guinea, Portuguese Timor, South Vietnam, and Yemen.

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Imports into the United States during the first 7 months of 1968 were up nearly 19 percent as compared with the same period of the preceding year. A breakdown of the data by geographic area shows that imports from Africa and Asia rose to over 35 percent of the total from about 33 percent in 1967, while imports from Brazil increased from 26 percent of the total last year to about 32 percent for the same period in 1968. The share of imports from Latin America, other than Brazil, fell sharply during the first 7 months of 1968 to about 33 percent of the total, as compared with over 41 percent in the same period a year earlier.

The International Coffee Council (ICC) met during late August-early September, its final meeting under the 1962 Agreement, and agreed on a quota level of 47.9 million bags for the 1968-69 coffee marketing year (October 1 - September 30). An additional 1.5 million bags--a so-called reserve quota--would be made available to the market during the last three quarters of the marketing year if prices remain above a predetermined level.

Production

Latin America: The estimate for 1968-69 production in Brazil has been revised downward on the basis of recent information from trade and other sources. It is assumed that most of the new-crop coffee will be exported while IBC (Brazilian Coffee Institute) stocks are drawn upon for domestic consumption.

Latest reports indicate that drought damage on the Island of Hispaniola was less severe than anticipated. Production in Haiti and the Dominican Republic in 1968-69, therefore, is expected to be at about the same level as the preceding year. Costa Rica expects record production in 1968-69 substantially higher than preceding years.

It now appears that Ecuador's 1968-69 crop will be less than anticipated as a result of drought in the main producing area.

Africa: Angola should have another good crop in 1968-69 though somewhat smaller than the revised estimate for 1967-68. Favorable weather conditions have improved the outlook for 1968-69 in the Ivory Coast, and Uganda is expected to harvest a record crop. Estimates for Burundi, Congo, Cameroon, and Guinea are also up.

Overall, it is now believed that 1968-69 production in Africa will be up about 3 percent as compared with the previous year.

Asia and Oceania: There have been no changes in the production estimates for the countries in this area.

Smaller Producing Countries: Exportable production in the smaller producing countries is estimated to be as follows (with comparable 1967-68 estimates in parentheses), in 1,000 bags of 60 kilograms each: Jamaica 8,000 (9,000), Panama 26,000 (22,000), Puerto Rico 5,000 (5,000), Trinidad and Tobago 55,000 (59,000), Bolivia 35,000 (35,000), Paraguay 64,000 (29,000), Congo (Brazzaville) 12,000 (9,000), Dahomey 16,000 (13,000), Gabon 13,000 (13,000), Ghana 83,000 (92,000), Liberia 63,000 (56,000), Nigeria 48,000 (49,000), Spanish Guinea 110,000 (110,000), New Caledonia 30,000 (30,000), Papua and New Guinea 275,000 (275,000), Portuguese Timor 40,000 (43,000), and Yemen 40,000 (50,000).

Trade and Other Developments

World coffee imports during the first three quarters of the ICO marketing year (October-September) were substantially larger than a year earlier. According to trade sources, 40.0 million bags were imported between October 1, 1967, and June 30, 1968; this compares with only 38.0 million bags imported during the same period of 1966-67.

United States. During the first 7 months of calendar year 1968, U. S. imports of green coffee amounted to 14.9 million bags, substantially larger than the 12.5 million bags imported in the same period in 1967. As a result, inventories rose sharply to an estimated 4.1 million bags on July 31, 1968, an increase of about 1,250,000 bags (44 percent) above stocks on July 31, 1967, and approximately 1,775,000 bags (77 percent) above stocks on December 31, 1967. Imports in August were also larger than average and stocks continued to increase.

U. S. imports from Brazil amounted to 32 percent of the total during the first 7 months of 1968, followed closely by imports from Africa, which accounted for 31 percent. The share of Latin America, other than Brazil, decreased to 33 percent during the same period. In the same months of 1967, these countries had provided 41 percent of U. S. imports.

Reversing the trend of the past few years, U. S. imports of soluble coffee during the first 7 months of 1968 were off 5.9 percent as compared with the previous year, decreasing to 13.9 million pounds (315,433 bags, green weight equivalent) from 14.8 million pounds (335,373 bags, green weight equivalent) in 1967. As in the recent past, most of these imports came from Brazil. France retained its position as the second most important supplier, though its shipments of 781,000 pounds during the period January through July 1968 were substantially less than the same period of 1967 when it shipped 1.0 million pounds.

Total U. S. roastings during the first 7 months of 1968 amounted to an estimated 12.3 million bags, up about 120,000 bags (1 percent) from the first 7 months of 1967.

Prices: Prices of the four main coffee types indicated somewhat divergent trends during the third quarter of calendar year 1968. Colombian milds and Robustas, both of which broke through the "ceiling" of their price ranges early in the quarter, declined slightly following quota increases but remained at or near their ceiling for the remainder of the quarter.

Unwashed Arabicas showed great stability, remaining at about the midpoint of their range throughout the period.

Other milds, in contrast, increased in price during the month of June and then declined to about the midpoint of their range.

The outlook for prices during the 1968-69 marketing year is for relative stability, with the effect of the fairly low initial ICA quota of 47.9 million bags being slightly offset by the larger than usual stocks now being held in some importing countries, notably the United States.

Only minor adjustments were made to the price selectivity ranges adopted by the ICC which, for the coming year, will be as follows:

	<u>Floor</u>	<u>Ceiling</u>	<u>Change</u>
	<u>¢/lb.</u>	<u>¢/lb.</u>	<u>¢/lb.</u>
Colombian milds	39.25	43.25	Up 0.50
Other milds	37.25	41.25	No change
Unwashed Arabicas	35.25	39.25	No change
Robustas	30.50	34.50	Ceiling up 0.25

Quotas will be increased or decreased, according to the circumstances, by 3 percent when prices move out of these ranges for a specified period of time.

International Coffee Agreement: The ICC, in addition to setting the new price selectivity ranges, agreed upon a total global quota level of 49.3 million bags for 1968-69. This quota is comprised of initial effective annual quotas amounting to 47.9 million bags plus a reserve quota of 1.5 million bags which may be made available to world markets during the second, third, and fourth quarters of the coffee year. This quota reserve is to be released in installments of 500,000 bags each provided that the composite market price remains above 37.40 cents per pound for 15 consecutive marketing days.

Numerous discussions were held, and some progress made, toward adoption of the statutes which will govern the operation of the Diversification Fund.

It was also agreed that measures to control illegal shipments or diversions of coffee from Annex B countries, though notably more effective than in previous years, required still further strengthening. A meeting of experts is to be held in late October to consider ways and means by which this can be accomplished.

Although the Council dealt successfully with a number of the issues, the fundamental problem of the disequilibrium between world production and consumption remains unresolved. It is recognized that the problem of production controls and diversification is an extremely complex one which will not easily be resolved. It is all the more urgent, therefore, that a start be made quickly. In this connection, it may be noted that under the terms of the new Agreement each exporting country must submit to the Executive Board, prior to December 31, 1968, its proposed production goal for 1972-73. It is hoped that the countries concerned will give serious consideration to this task and that the goals proposed will be realistic ones.

GREEN COFFEE: U. S. gross imports for consumption by months, 1964-68

Calendar year	1964	1965	1966	1967	1968 ^{1/}
	Bags ^{2/}	Bags ^{2/}	Bags ^{2/}	Bags ^{2/}	Bags ^{2/}
January	1,977,276	460,698	1,829,079	1,979,151	2,202,380
February	1,969,568	1,295,938	2,017,663	1,618,308	2,460,815
March	2,476,132	2,446,165	2,384,800	2,092,294	1,755,075
April	2,459,757	1,658,847	1,965,127	1,717,016	2,398,145
May	1,597,003	1,553,587	1,817,855	1,721,544	1,956,415
June	1,343,896	1,830,766	1,680,072	1,646,851	1,640,882
January - June	11,823,632	9,246,001	11,694,596	10,775,164	12,413,712
July	1,552,377	1,206,105	1,569,851	1,748,253	2,481,072
August	1,428,029	1,556,237	1,309,060	1,818,394	^{5/}
September	1,659,684	1,820,811	2,084,606	1,598,623	^{5/}
October	1,960,222	2,666,075	2,167,597	2,102,596	^{5/}
November	2,329,666	2,549,383	1,573,023	1,844,717	^{5/}
December	2,068,706	2,254,499	1,664,066	1,424,088	^{5/}
July - December ...	10,998,684	12,053,110	10,368,203	10,536,671	^{5/}
Calendar year total	22,822,316	21,299,111	22,062,799	21,311,835	^{5/}
Fiscal year total ^{3/}	24,645,798	20,244,685	23,747,706	21,143,367	22,950,383
ICO year ^{4/}	23,274,179	20,187,748	24,128,070	21,345,120	^{5/}

^{1/} Preliminary.

^{2/} 132.276 pounds each.

^{3/} Twelve months, ending June 30 of year shown.

^{4/} Twelve months, ending September 30 of year shown. ICO is International Coffee Organization.

^{5/} Not available.

United States Bureau of Census.

GREEN COFFEE: U. S. gross imports by country or area of origin

Area of origin	Average		1966		1967		1967		1968 ^{1/}	
	1960-64						Jan.-June		Jan.-June	
	Mil.	Per-	Mil.	Per-	Mil.	Per-	Mil.	Per-	Mil.	Per-
	<u>bags</u>	<u>cent</u>	<u>bags</u>	<u>cent</u>	<u>bags</u>	<u>cent</u>	<u>bags</u>	<u>cent</u>	<u>bags</u>	<u>cent</u>
Brazil	8.68	37	6.73	31	6.07	29	2.62	24	3.99	32
Africa and Asia	5.24	23	7.58	34	7.33	34	3.62	34	4.45	36
Mild coffees:										
Colombia	4.06	18	2.71	12	3.06	14	1.60	15	1.45	12
Other South America	1.08	5	1.23	6	1.29	6	.59	5	.54	4
Mexico and Central America.	3.51	15	3.36	15	3.29	16	2.18	20	1.68	14
Caribbean54	2	.45	2	.27	1	.17	2	.30	2
Total milds	9.19	40	7.75	35	7.91	37	4.54	42	3.97	32
Total world	23.11	100	22.06	100	21.31	100	10.78	100	12.41	100

^{1/} Preliminary.

^{2/} 132.276 pounds or 60 kilograms.

United States Bureau of Census

COFFEE: Annual and quarterly export quotas under
the International Coffee Agreement, 1968-69

(Bags of 60 kilograms or 132.276 pounds)

Exporting Country	Annual Quota	October - December	January - March	April - June	July - September
<u>Colombian Milds</u>					
Colombia	5,981,194	1,495,298	1,495,299	1,495,298	1,495,299
Kenya	734,832	205,753	191,056	191,056	146,967
Tanzania	598,119	173,454	161,492	143,549	119,624
Sub-Total	7,314,145	1,874,505	1,847,847	1,829,903	1,761,890
<u>Other Milds</u>					
Burundi*	240,000	55,200	33,600	88,800	62,400
Costa Rica	939,902	225,577	310,168	206,778	197,379
Cuba	50,000	9,500	14,000	13,500	13,000
Dominican Republic ..	444,317	133,295	133,295	88,863	88,864
Ecuador	640,842	179,436	160,210	147,394	153,802
El Salvador	1,623,467	487,040	487,040	324,693	324,694
Guatemala	1,538,021	430,646	384,505	353,745	369,125
Haiti	418,684	117,232	104,671	96,297	100,484
Honduras	363,144	50,840	134,363	83,523	94,418
India	361,435	86,744	61,444	115,659	97,588
Jamaica	25,000	6,000	5,750	6,750	6,500
Mexico	1,503,843	436,114	390,999	330,846	345,884
Nicaragua	469,951	131,586	117,488	108,089	112,788
Panama	25,000	6,000	5,750	6,750	6,500
Peru	632,298	183,366	177,043	139,106	132,783
Rwanda*	200,000	28,000	46,000	84,000	42,000
Venezuela	277,698	66,648	91,640	61,093	58,317
Sub-Total	9,753,602	2,633,224	2,657,966	2,255,886	2,206,526
<u>Unwashed Arabicas</u>					
Bolivia	50,000	12,500	12,500	12,500	12,500
Brazil	17,880,351	4,470,088	4,470,088	4,470,088	4,470,087
Ethiopia	1,276,558	370,202	344,671	268,077	293,608
Paraguay	70,000	17,500	17,500	17,500	17,500
Sub-Total	19,276,909	4,870,290	4,844,759	4,768,165	4,793,695
<u>Robustas</u>					
Congo (D.R.)	854,456	170,891	256,337	256,337	170,891
Ghana	51,000	14,790	13,770	10,710	11,730
Guinea	153,802	38,451	38,450	38,451	38,450
Indonesia	1,159,497	289,874	289,874	289,875	289,874
Liberia	60,000	15,000	15,000	15,000	15,000
Nigeria	52,000	15,600	15,600	10,400	10,400
OAMCAF	4,682,537	1,170,634	1,170,634	1,170,635	1,170,634
Portugal	2,371,970	592,993	592,992	592,993	592,992
Sierra Leone	82,000	17,220	15,580	28,700	20,500
Trinidad and Tobago ..	69,000	17,250	20,010	14,490	17,250
Uganda	2,032,751	508,188	467,532	508,188	548,843
Sub-Total	11,569,013	2,850,891	2,895,779	2,935,779	2,886,564
Total	47,913,669	12,228,910	12,246,351	11,789,733	11,648,675

*Provisional.

Source: International Coffee Organization

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